

## **REMARKS**

Claims 1-69 were examined. Applicant has amended claims 1, 20, 22, 28, 51-52 and 63. Claims 4-8, 10, 12-19, 21, 23-27, 29-50, 53-62 and 64-69 have been cancelled. No claims are newly presented. No new matter has been introduced.

### **Claim Objections**

Claim 7 is objected to for informalities, as missing the claim number that it depends from.

Claim 64 is objected to for informalities.

Claims 7 and 64 are cancelled.

### **Rejections under 35 USC §112**

Claims 4, 5, and 15, 16 and 47 stand rejected under §112, second paragraph, as being indefinite.

Claims 4, 5, 16 and 47 are cancelled.

### **Rejections under 35 USC §102**

Claims 1-3, 5, 7, 12-13, 16, 18, 20, 23-25, 28, 32, 38-39, 41, 43, 45, 47 stand rejected under §102(b) as anticipated by Paasche et al. \*US 7,359,871).

### **Rejections under 35 USC §103**

Claims 4, 6, 8, 10, 15, 17, 19, 21, 27, 40, 42, 44 and 46 stand rejected under §103(a) as obvious over Paasche et al. (US 7,359,871) in view of Patricelli et al. (US 7,174,302).

Claims 11, 22 and 26 stand rejected under §103(a) as obvious over Paasche et al. (US 7,359,871) in view of Heimermann et al. (US 7,110,976).

Claims 30-31, 35-36, 47, 51-54, 57-69 stand rejected under §103(a) as obvious over Paasche et al. (US 7,359,871) in view of Shurling (US 6,424,951).

Claim 48 stands rejected under §103(a) as obvious over Paasche et al. (US 7,359,871) in view of Martinez et al. (6,119,229).

Claims 48 and 50 stand rejected under §103(a) as obvious over Paasche et al. (US 7,359,871) in view of Bednarek (US 6,965,868).

In one embodiment of the present invention, as set forth in claim 1, a method is provided for selling a health related product or service via the internet. A service provider system is provided that includes a web server. The service provider system has members that purchase health related products and services through the service provider system. Applicants are enrolled in the service provider system as members. The service provider system includes a service database that provides a listing of insurance services and provides an aggregation of members purchasing power. A product or service request message is received for a desired product or service from a member through a customer interface. The product or service request message includes a product or service identifier. The service provider system transmits a request for the desired product or service request to a supplier of the desired product or service. Tax free points are awarded to a member. The tax free points have characteristics of, being transferable by the member to an exempt organization for use in fulfilling its exempt purpose, not convertible to cash or a cash equivalent and having a limited life. The tax free points are granted for purchases, (i) made by the member itself through the service provider system, (ii) made by members who were referred to the service provider system by the member, and (iii) made by members who were referred to the service provider system by members in (ii). The tax free points are recorded within a computer memory, The tax free points are used to purchase health related products and services through the service provider system.

Paasche et al. is different from the present invention. Paasche is focused on independent business owners, and transactions that result in compensation, e.g., subject to tax. Unlike the present invention, Paasche fails to award points to a member for purchases, (i) made by the member itself through the service provider system, (ii) made by members who were referred to the service provider system by the member, and (iii) made by members who were referred to the service provider system by members in (ii). Paasche also fails to provide that, the awarded points are transferable by a member only to an exempt organization for use in fulfilling its exempt purpose, are not convertible to cash or a cash equivalent, have a limited life and are treated as non-taxable income for federal income tax purposes at the time they are awarded or used.

Paasche et al. discloses methods for facilitating an on-line shopping and rewards program through a network. An individual registers with a marketing system as a client, a member, or a member plus. A client is not eligible to earn compensation and is eligible to buy products at a client price. A member is eligible to buy products at a member price and is not eligible to earn compensation. A member plus is eligible to buy products at a member plus price and qualifies to earn compensation by satisfying a sales qualification level and qualify as an independent business owner ("IBO"). Each IBO is eligible to buy products at an IBO price and is eligible to earn compensation.

In Paasche et al., the member is not entitled to a performance bonus nor is the member authorized to recruit or sponsor other members. Members are not encouraged or authorized to resell products from the marketing company.

The marketing system products and services are assigned a corresponding rewards value and a redemption value. The rewards value for a particular product or service may have the same or different value than the redemption value for that product or service.

As a registered client, member, member plus, and IBO purchases products, it accumulates accrual values differently based upon particular

participation levels. These accrual values are transferred into rewards points and stored in a rewards catalog .

By way of illustration, a redemption value for the redeemed product, may be, for example, 150 points for a member, 100 points for a member plus, and 200 points for a client. This process may then be continued for subsequent purchases and/or redemptions.

Patricelli et al. is directed to processing flexible spending account transactions, and not selling health related products or services via the internet.. Patricelli et al. discloses in the Background that

“Typically, the employee, i.e. account holder, designates a portion of his or her compensation into an FSA on a tax-free basis. The employee receives desired goods and services of which the employee's health insurance may pay for a portion or all of the cost. Generally, in the case of pharmacy transactions, the determination of the amount the employee's health insurance will pay is made by a pharmacy benefits manager (hereinafter referred to as a "PBM"). Often, the employee is required to pay at least a percentage or flat fee, e.g., the PRB. If the out-of-pocket employee payment is a qualified expense under the IRS Code, the employee completes and submits a claim form to the FSA administrator. Upon approval and processing, the proper amount is deducted from the employee's FSA and a reimbursement check is sent to the employee.” See Column 1, lines 35-39.

Unlike the present invention, Patricelli et al. is silent regarding tax free status of points awarded for purchases of health related products and services. More particularly Patricelli et al. does not disclose that points awarded by a service provider system are transferable by a member only to an exempt organization for use in fulfilling its exempt purpose, are not convertible to cash or

a cash equivalent, have a limited life and are treated as non-taxable income for federal income tax purposes at the time they are awarded or used.

Heimermann et al. is directed to a system that provides centralized, e-procurement to a government entity. The system requisition-driven and is capable of providing real-time procurement with instantaneous digital data communication, automated, rule-based approval by a central purchasing authority. The system uses a reverse-auction in which authorized suppliers are invited to bid immediately upon order posting to the Web site procurement forum with competing offers to fulfill part or all of a given order.

The system of Heimermann et al. screens requisitions and pools requisitions. This is clearly distinguished from the present invention where points are awarded to a member for purchases, (i) made by the member itself through the service provider system, (ii) made by members who were referred to the service provider system by the member, and (iii) made by members who were referred to the service provider system by members in (ii).

Shurling et al. is directed to incentive programs for rewarding repeat or ongoing customers. Unlike the present invention, Shurling et al. fails to provide incentive points for purchases (i) made by the customer itself (ii) made by customers who were referred by the initial customer, and (iii) made by customers who were referred by customers in (ii). Thus, Shurling et al. does not provide aggregation.

Shurling et al. provides a scoring and incentive reward awarding process useful with a financial institution customer incentive program to reduce the labor required by a manual bank customer incentive program. A relationship scoring and reward awarding process is provided that assembles data representing the relationships between the financial institution and its customers. A relationship score is determined for each customer from the assembled data. The relationship score can be based on the number, type and duration of the relationships. The

incentive rewards can be awarded to customers based on the determined relationship score.

Incentive rewards, such as a percentage point increase in a deposit account or a percentage point, can be partially awarded. See Colum 12, lines 1-3.

Shurling et al. is also distinguished from the present invention in that there is a cap on points but there aren't the same type of limitations regarding the incentive rewards are provided by the present invention. More particularly, with the present invention, awarded points are transferable by a member only to an exempt organization for use in fulfilling its exempt purpose, are not convertible to cash or a cash equivalent, have a limited life and are treated as non-taxable income for federal income tax purposes at the time they are awarded or used.

Martinez et al. is directed to computer network systems of property ownership and transfer implemented in connection with a computer network. More particularly, Martinez et al. provides a secure system for establishing traditional features of ownership and property rights in the digital realm.

In Column 25, Martinez et al. discusses private currencies and states that private currencies have no actual cash value.

"So private currencies do have real value, even if not directly convertible to cash. Some real-world examples are frequent-flyer miles that accrue and earn airline tickets or hotel stays, or the "bonus points" awarded by some long-distance phone carriers that can be redeemed for phone-time or merchandise. But perhaps the best-known example is S&H green stamps--they are fungible and valuable, but have no actual cash value." Column 25, lines 39-46. "

However, unlike the present invention, Martinez et al. fails to provide that awarded points are transferable by a member only to an exempt organization for use in fulfilling its exempt purpose, have a limited life and are treated as non-

taxable income for federal income tax purposes at the time they are awarded or used.

Bednarek discloses an incentive system with a variable redemption rate program component that provides an incentive system and process which allows precise encouragement of specific participant action and makes it possible to create more intense participant loyalty. In the Bednarek incentive system and process, participant earnings, whether miles, cash or points, are treated as base points (BP) that are multiplied by a customer specific redemption rate (R) to convert the base points into participant rewards.

### CONCLUSION

It is submitted that the present application is in form for allowance, and such action is respectfully requested.

The Commissioner is authorized to charge any additional fees which may be required, including petition fees and extension of time fees, to Deposit Account No. 50-4634 (Docket No. LIF 0003).

Respectfully submitted,

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